Saskatchewan
Agriculture
and Food

ADF

AGRICULTURE DEVELOPMENT FUND

FINAL REPORT

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VALUE-ADDED DEVELOPMENT MIDDLE EAST/NORTH AFRICA MARKET

Funded by: The Agriculture Development Fund

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AGRIVALUE PROJECT FINAL REPORT

Middle East and North Africa Market for Pulses and special crops is growing with 6.7% of the world population; imports 15% of world foodstuffs and about 18%-20% of world's pulses and cereals. Annually, these regions import close to $430 billion of agricultural products. Markets of the Middle East and North Africa present a key market development opportunity for Canada. With rising freight to the Indian sub-continent and severe shortages of containers in Port Vancouver, exporters must look eastwards to Montreal and the markets of the Middle East and North Africa.

Saskcan Pulse attended as an exhibitor at the Gulf Food Expo 2005 Feb 2005 as a part of the Canadian Pavilion. The follow-up activity in the Project was a return visit that was postponed and combined with our follow-up to Gulf Food 2005 with attendance at Gulf Food 2006.

Gulf Food Show is held in Dubai at the World Trade Centre in the United Arab Emirates (UAE). Until 2005, the show was every two years bit in 2006 and beyond, the Show is plann3ed annually. The 2005 show featured 1,440 exhibitors from 48 countries and 15,000 trade buyers. Visitors included importers, distributors, retailers, the hotel and restaurant industry, manufacturers and government institutions.

The dynamics of the region have continued its transition with the emergence of Dubai as the transhipment port for the entire region and the continued development of Iraq as a major consumer of lentils and peas from Canada. This project has had a major impact on our company's ability to market our product in the region with over 100 qualified buyer leads and sales of over $2.4 million from Feb 2005 to Feb 2006.

Project Results

#	Objective	Activity	Deliverable	Results
1.	To conduct comprehensive research of the market opportunities in value-added pulses in the Middle East/North Africa Market.	Attend and display at Gulf Food Expo 2005	25 qualified trade leads for sales Identify brokers/ Distributors/ Agents in Kuwait, Saudi Arabia	103 qualified leads and 10 new sales/distribution agreements
2.	Develop and foster relationships with key importers in the region undertaking a mission to market to better understand freight and logistics, governmental regulatory system, tariffs and taxes and market entry strategies	Follow-up mission in May 2005 to visit key importers in the region	Target $1 million in new export sales to the region	$2.4 million of new sales. Projected to $3.5 million in 2006-2007.

Project Activities

All objectives completed as per submission. Activities varied as we did not get the brochures done in Arabic as we did not see the need to do this. Project timing was put off as Saskcan judged that the follow-up was best suited to re-attend the Gulf Food 2006 instead of rushing a follow-up in 2005 May.

The Show in Dubai exceeded ALL expectations of Saskcan management. Trade shows are attended to allow a company to meet a large number of people in a short time from many geographic locations. Saskcan met 78 new buyers in 2005 at Gulf Food (buyer defined as someone qualified as a customer of Canadian, Indian, Turkish or Syrian pulses).

At Gulf Food 2006, Saskcan took out a double booth and met 67 of the 78 identified new buyers again and added an additional 36 buyers in 2006. Total sales for one calendar year to the new clients was $2.4 million. Projections are for $3.5 million this year.

Conclusions

Saskcan made the right decision to attend the Gulf Food 2005. The show has a significant impact on our current business and our future potential to the Middle East market is greater than $10 million per annum.

It was apparent that we should do our follow-up on the 2005 trip at the 2006 Gulf Food Show. The Show was a collection of a great number of the key buyers in our business all in one location. The decision was taken that a follow-up to 2-3 countries would allow Saskcan to see only 10 buyers at best. At Gulf Food 2006, Saskcan collected 370 business cards and qualified 103 buyers.

The support received from Agrivalue allowed Saskcan to take the "risk" of attending the show. We may not have done this without the support. This Program allowed us to open a new market which will become 25% of our annual turnover in the next five years. As an export company, this will mean net export revenue for Saskatchewan and jobs created and sustained from exports. Saskatchewan Pulses have great potential in the region. Iraq alone presents an opportunity of more than $25 million per annum for our company. Our forecasts of $10 million per annum are perhaps conservative but achievable.

Canadian pulses are perceived well in the region and Saskcan's presence at the Gulf Food 2005-2006 greatly enhanced our corporate and Provincial visibility in this important region. The partnership between Saskcan. Arbel and SAF is certainly one that will assist us in achieving our objectives of long-term benefits to rural Saskatchewan. The Middle East market is a quality focued market with money to spend. As exporters develop consistent higher value markets for our processed products, higher returns to the grower will certainly assist in the sustainability of the rural economy and the creation of wealth and jobs in rural Saskatchewan.